

CONFIDENTIAL
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EUROPE

1. YUGOSLAVIA: US clarifies trade policy-- The Department of State has informed US Embassy Belgrade that the US does not intend at this time to attempt to exact political concessions from Yugoslavia as the price for further relaxing trade restrictions. The Department adds that the US continues to regard Greece as the first possible exception to the present policy of not imposing political conditions as a part of trade relations.

CIA/s

FAR EAST

2. CHINA: Acting President Li requests US issue statement--
Ambassador Stuart in Nanking transmits a request from
President Li that the US issue a deterring statement to the
effect that Communists crossing the Yangtze would be con-
sidered a threat to the security of the US and that, should
such a military operation be undertaken, the US would have
to give consideration to appropriate measures to be taken.
The ambassador expresses the opinion that Li's appeal is
further evidence of his desperate position and the small con-
fidence he places in current peace negotiations. Ambassador
Stuart recommends that no such US statement be made unless
the US is prepared to back up the statement by some kind of
effective assistance.

s/s

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